

Message Text

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PAGE 01 KINSHA 03386 201548Z

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ACTION XMB-04

INFO OCT-01 AF-08 ISO-00 EB-07 /020 W

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R 201500Z APR 76

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 7540

LIMITED OFFICIAL USE KINSHASA 3386

DEPT PASS EXIMBANK FOR DAVID LOW FROM JOHN LENTZ

E.O. 11652: N/A

TAGS: EFIN, CG

SUBJECT: TRUST ACCOUNT FOR EXIMBANK EXPOSURE ON INGA-SHABA
TRANSMISSION LINE

1. EXIMBANK TEAM MET APRIL 19 WITH SNEL/CIS REPS. TO DISCUSS BANK'S COMMITMENT LETTER FOR ADDITIONAL PROJECT FINANCING, IN PARTICULAR THAT PORTION RELATING TO TRUST ACCOUNT. SNEL REP. MUTUNDA (IN ABSENCE DIRECTOR GENERAL NZEZA WHO IS IN IVORY COAST). INDICATED TRUST CONCEPT ACCEPTABLE EXCEPT ITS LINKAGE TO POWER RATES. NZEZA OF SNEL HAS SIGNED LETTER TO EXIMBANK (NOW BEING CIRCULATED RO SIGNATURE BY FINANCE MINISTER AND GOVERNOR OF CENTRAL BANK) TO EFFECT THAT SOZACOM OR ANY OTHER AGENCY DESIGNATED BY GOZ WILL BE INSTRUCTED BY CENTRAL BANK TO MAKE MONTHLY FOREIGN EXCHANGE DEPOSIT FROM COPPER SALES INTO ACCOUNT OUTSIDE ZAIRE IN AMOUNTS SUFFICIENT TO MEET ALL EXIMBANK DIRECT AND GUARANTEED DEBT SERVICE ON INGA-SHABA PROJECT. TRUST WOULD ALSO SERVICE \$15 MILLION CREDIT FOR SWEDISH EQUIPMENT (PORTION FINANCED BY AMERICAN EXPRESS) WHERE LENDERS HAVE INDICATED THEY MAY NOT DISBURSE UNLESS INCLUDED.

2. SNEL REQUESTS EXIMBANK AGREEMENT TO ELIMINATION OF TRUST ACCOUNT TIE TO POWER PAYMENTS BY GECAMINES AND SMTF (PORTION PARA. 11 OF COMMITMENT LETTER) SINCE THESE NOT YET DETERMINED AND GOZ MAY WISH TO OFFER BELOW COST RATES TO ATTRACT INDUSTRY TO SHABA, E.G. SMTF. THIS
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PAGE 02 KINSHA 03386 201548Z

MODIFICATION NWQHNYI UCB# OFFER EXIMBANK THE ADDED SECU-

RITY ORIGINALLY REQUESTED, YET AVOIDS NECESSITY TO
CONFRONT GECAMINES AND SMTF WITH RESULTING POSSIBLY
HIGH POWER RATE. IN SNEL'S VIEW, RATES ARE INTERNAL
MATTER AND, IF EXTERNAL LENDERS PAID, SHOULD BE LEFT
TO GOZ. THIS POSITION RESULTS IN RELATED SNEL REQUEST
FOR DELETION PARA 12 OF COMMITMENT LETTER CONCERNING
POWER RATES. PLEASE ADVISE SOONEST IF ANY OBJECTIONS
ANTICIPATED.

3. EXIMBUCK TEAM REQUESTED BY SNEL NOT TO DISCUSS
TRUST ACCOUNT WITH SOZACOM UNTIL LETTER DESCRIBED PARA. 1
SIGNED BY FINANCE MINISTRY AND CENTRAL BANK. FOLLOWING
COMPLETE SIGNATURE SOZACOM WILL RECEIVE QUOTE INSTRUCTIONS
TO COOPERATE END QUOTE. CURRENTLY, WITHOUT INSTRUCTIONS
THEY ARE IN THE DARK AND COULD BE UNCOMMUNICATIVE. FOR
PURPOSES INITIAL DRAFTING, PROPOSAL DISCUSSED APRIL 19
SEEMS REASONABLE. SNEL/CIS LOOK FORWARD TO COMPLETION
DRAFT AGREEMENTS IN NEAR FUTURE.
CUTLER

NOTE BY OC/T: #AS RECEIVED.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
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Concepts: INGA-SHABA, ELECTRIC POWER PLANTS, FINANCIAL PROGRAMS, BANK ACCOUNTS, TRUST FUNDS
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Draft Date: 20 APR 1976
Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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